



February 16, 2007

SENATE BILL No. 114

DIGEST OF SB 114 (Updated February 14, 2007 11:32 am - DI 104)

Citations Affected: IC 27-8; IC 27-13; noncode.

Synopsis: Health provider reimbursement agreements. Prohibits certain provisions in health provider reimbursement agreements.

Effective: Upon passage.

Gard, Errington, Lanane

January 8, 2007, read first time and referred to Committee on Health and Provider Services.

February 15, 2007, reported favorably — Do Pass.

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SB 114—LS 6116/DI 97+



February 16, 2007

First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

SENATE BILL No. 114

A BILL FOR AN ACT to amend the Indiana Code concerning insurance.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 27-8-11-9 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: **Sec. 9. (a) As used in this section, "insurer"**
4 **includes the following:**

5 (1) **An administrator licensed under IC 27-1-25.**

6 (2) **A person that pays or administers claims on behalf of an**
7 **insurer.**

8 (b) **An agreement between an insurer and a provider under this**
9 **chapter may not contain a provision that:**

10 (1) **prohibits, or grants the insurer an option to prohibit, the**
11 **provider from contracting with another insurer to accept**
12 **lower payment for health care services than the payment**
13 **specified in the agreement;**

14 (2) **requires, or grants the insurer an option to require, the**
15 **provider to accept a lower payment from the insurer if the**
16 **provider agrees with another insurer to accept lower payment**
17 **for health care services;**

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(3) requires, or grants the insurer an option of, termination or renegotiation of the agreement if the provider agrees with another insurer to accept lower payment for health care services; or

(4) requires the provider to disclose the provider's reimbursement rates under contracts with other insurers.

(c) A provision that:

(1) is contained in an agreement between an insurer and a provider under this chapter; and

(2) violates this section;

is void.

SECTION 2. IC 27-13-15-4 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) As used in this section, "health maintenance organization" includes the following:

(1) A limited service health maintenance organization.

(2) A person that pays or administers claims on behalf of a health maintenance organization or a limited service health maintenance organization.

(b) An agreement between a health maintenance organization and a participating provider under this chapter may not contain a provision that:

(1) prohibits, or grants the health maintenance organization an option to prohibit, the participating provider from contracting with another health maintenance organization to accept lower payment for health care services than the payment specified in the agreement;

(2) requires, or grants the health maintenance organization an option to require, the participating provider to accept a lower payment from the health maintenance organization if the participating provider agrees with another health maintenance organization to accept lower payment for health care services;

(3) requires, or grants the health maintenance organization an option of, termination or renegotiation of the agreement if the participating provider agrees with another health maintenance organization to accept lower payment for health care services; or

(4) requires the participating provider to disclose the participating provider's reimbursement rates under contracts with other health maintenance organizations.

(c) A contract provision that violates this section is void.

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1 SECTION 3. [EFFECTIVE UPON PASSAGE] (a) IC 27-8-11-9, as
2 added by this act, applies to an agreement between an insurer and
3 a provider that is entered into, amended, or renewed on or after
4 the effective date of this act.

5 (b) IC 27-13-15-4, as added by this act, applies to a contract
6 between a health maintenance organization and a participating
7 provider that is entered into, amended, or renewed on or after the
8 effective date of this act.

9 SECTION 4. An emergency is declared for this act.

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SENATE MOTION

Madam President: I move that Senator Errington be added as second author of Senate Bill 114.

GARD

SENATE MOTION

Madam President: I move that Senator Lanane be added as coauthor of Senate Bill 114.

GARD

COMMITTEE REPORT

Madam President: The Senate Committee on Health and Provider Services, to which was referred Senate Bill No. 114, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is made to Senate Bill 114 as introduced.)

MILLER, Chairperson

Committee Vote: Yeas 9, Nays 1.

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